CHAPTER TWO

Smart Growth Gives People More of What They Want

It is clear that Americans' attitudes towards growth are changing. People increasingly consider sprawl to be a problem. But can smart growth really give people what they want?

To answer that question, we need to understand exactly what smart growth is and what makes it the sensible choice.

What is Smart Growth?

We define smart growth according to its outcomes—outcomes that mirror the basic values of most Americans. Smart growth is growth that helps to achieve these six goals:

1. NEIGHBORHOOD LIVABILITY The central goal of any smart growth plan is the quality of the neighborhoods where we live. They should be safe, convenient, attractive, and affordable. Sprawl development too often forces trade-offs between these goals. Some neighborhoods are safe but not convenient. Others are convenient but not affordable. Too many affordable neighborhoods are not safe. Careful planning can help bring all these elements together.

2. BETTER ACCESS, LESS TRAFFIC One of the major downfalls of sprawl is traffic. By putting jobs, homes and other destinations far apart and requiring a car for every trip, sprawl makes everyday tasks a chore. Smart growth's emphasis on mixing land uses, clustering development, and providing multiple transportation choices helps us manage congestion, pollute less and save energy. Those who want to drive can, but people who would rather not drive everywhere or don't own a car have other choices.

3. THRIVING CITIES, SUBURBS AND TOWNS Smart growth puts the needs of existing communities first. By guiding development to already built-up areas, money for investments in transportation, schools, libraries and other public services can go to the communities where people live today. This is especially important for neighborhoods that have inadequate public services and low levels of private investment. It is also critical for preserving what makes so many places special—attractive buildings, historic districts and cultural landmarks.

4. SHARED BENEFITS Sprawl leaves too many people behind. Divisions by income and race have allowed some areas to prosper while others languish. As basic needs such as jobs, education and health care become less plentiful in some communities, residents have diminishing opportunities to participate in their regional economy. Smart growth enables all residents to be beneficiaries of prosperity.

5. LOWER COSTS, LOWER TAXES Sprawl costs money. Opening up green space to new development means that the cost of new schools, roads, sewer lines, and water supplies will be borne by residents throughout metro areas. Sprawl also means families have to own more cars and drive them further. This has made transportation the second highest category of household spending, just behind shelter. Smart growth helps on both fronts. Taking advantage of existing infrastructure keeps taxes down. And where convenient transportation choices enable families to rely less on driving, there's more money left over for other things, like buying a home or saving for college.

6. KEEPING OPEN SPACE OPEN By focusing development in already built-up areas, smart growth preserves rapidly vanishing natural treasures. From forests and farms to wetlands and wildlife, smart growth lets us pass on to our children the landscapes we love. Communities are demanding more parks that are conveniently located and bring recreation within reach of more people. Also, protecting natural resources will provide healthier air and cleaner drinking water.

How is Smart Growth Achieved?

Setting goals is easy. Attaining them is always the challenge. But after years of experience with an assortment of projects, we are beginning to see what approaches work best.

Though techniques will vary across regions and community types, the ten tools listed here can form the basis for a sensible and effective smart growth plan. This list has been adopted by a variety of political and business leaders, including the National Governors' Association.

To achieve smart growth, communities should:

1. Mix Land Uses. New, clustered development works best if it includes a mix of stores, jobs and homes. Single-use districts make life less convenient and require more driving.

2. Take Advantage of Existing Community Assets. From local parks to neighborhood schools to transit systems, public investments should focus on getting the most out of what we've already built.

3. Create a Range of Housing Opportunities and Choices. Not everyone wants the same thing. Communities should offer a range of options: houses, condominiums, affordable homes for low-income families, and "granny flats" for empty nesters.

4. Foster "Walkable," Close-Knit Neighborhoods. These places offer not just the opportunity to walk—sidewalks are a necessity—but something to walk to, whether it's the corner store, the transit stop or a school. A compact, walkable neighborhood contributes to peoples' sense of community because neighbors get to know each other, not just each other's cars.

5. Promote Distinctive, Attractive Communities with a Strong Sense of Place, Including the Rehabilitation and Use of Historic Buildings. In every community, there are things that make each place special, from train stations to local businesses. These should be protected and celebrated.

6. Preserve Open Space, Farmland, Natural Beauty, and Critical Environmental Areas. People want to stay connected to nature and are willing to take action to protect farms, waterways, ecosystems and wildlife.

7. Strengthen and Encourage Growth in Existing Communities. Before we plow up more forests and farms, we should look for opportunities to grow in already built-up areas.

8. Provide a Variety of Transportation Choices. People can't get out of their cars unless we provide them with another way to get where they're going. More communities need safe and reliable public transportation, sidewalks and bike paths.

9. Make Development Decisions Predictable, Fair, and Cost-Effective. Builders wishing to implement smart growth should face no more obstacles than those contributing to sprawl. In fact, communities may choose to provide incentives for smarter development.

10. Encourage Citizen and Stakeholder Participation in Development Decisions. Plans developed without strong citizen involvement don't have staying power. When people feel left out of important decisions, they won't be there to help out when tough choices have to be made.

A TALE OF TWO CITIES: PORTLAND, OREGON AND ATLANTA, GEORGIA A recent study by Professor Arthur C. Nelson of the Georgia Institute of Technology presents hard evidence for the quality of life benefits of smart growth by comparing Portland, Oregon with Atlanta, Georgia. Portland has invested in public transportation and has controlled sprawl by maintaining a band of open space around the metro area. During the same period, the mid-1980s to the mid-1990s, Atlanta built highways and developed land faster than any other area in the country.

As shown in the chart to the right, both metro areas experienced rapid population and job growth, but commute times in Portland actually *declined* 9 percent, while in Atlanta commutes lengthened by 1 percent despite an aggressive and costly freeway widening program. Air quality problems, measured by number of "ozone alert" days, declined 86 percent in Portland while they rose by 5 percent in Atlanta. Perhaps most importantly, Portland residents surveyed noted that the quality of their neighborhoods improved by 19 percent while Atlantans responded that the quality of their communities declined by 11 percent.

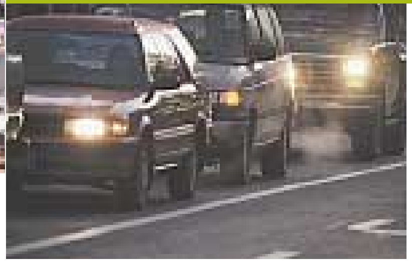
Which Would You Choose?

(mid-1980s to mid-1990s)

Measure	Portland	Atlanta
Population Growth	+26%	+32%
Job Growth	+43%	+37%
Income	+72%	+60%
Government Revenue	+34%	+56%
Property Tax	-29%	+22%
Vehicle Miles Traveled	+2%	+17%
Single Occupant Vehicle	-13%	+15%
Commute Time	-9%	+1%
Air Quality in Ozone Days	-86%	+5%
Energy Consumption per Capita	-8%	+11%
Neighborhood Quality	+19%	-11%

Source: Arthur C. Nelson, "Effects of Urban Containment on Housing Prices and Landowner Behavior," Lincoln Institute of Land Policy, *Land Lines*, May 2000.

Light Rail in Portland



These results are consistent with public perceptions of livability in each area. Portland is widely regarded as the American city that best exemplifies smart growth. Real estate industry analysts recognized this in a recent report, noting that "Portland has growth controls, which investors increasingly covet, and excellent quality-of-life perceptions."

Atlanta, on the other hand, has now been dubbed "Sprawl City," beset by problems ranging from geographically severe racial segregation, air pollution, and the longest average commute in America. In fact, large corporations such as Hewlett Packard have passed over the region as a potential site for new facilities. Hopefully, these perceptions will someday be a thing of the past for Atlanta. A recent federally mandated moratorium on highway construction has spurred business leaders and public officials into action to promote smarter growth.

WHY SMART GROWTH MAKES SENSE FOR TOWNS AND SUBURBS In rural and suburban areas where sprawl is happening, communities face tough choices when it comes to growth. Many landowners feel they have no choice but to sell their properties to developers, and too many communities watch helplessly as nearby farmland, forests, fragile ecosystems, and scenic landscapes succumb to sprawl. But poll after poll demonstrates that people greatly value open space and are willing to pay to preserve it.

A growing body of research shows that protecting open space makes fiscal sense. There is a common myth that development is good for the local bottom line. But in fact, new residential development demands more in services than it contributes in taxes, and existing residents typically foot the bill. Over 70 "cost of community services" studies conducted nationwide show that residential development costs a municipality more in maintenance costs than farmland and open space.

For example, in a study of costs in Skagit County, Washington, developed land required $1.25 in county services for each $1 of revenue it produced; agricultural land only required 51 cents in services for each $1 of property tax revenue. Farmland and open space conservation also have indirect positive tax benefits such as increasing nearby property values, increasing revenues from tourism and reducing costs for flood control and water supply. Bond rating institutions, which rate the overall financial health of municipalities, are now rewarding communities with better bond ratings when they have farmland protection programs.

Smart growth also delivers savings in infrastructure costs. A recent analysis by Robert W. Burchell and David Listokin of Rutgers University determined that modest increases in development density could reduce total capital costs by 25 to 60 percent for roads and 15 to 40 percent for water and sewer infrastructure. Another study by the U.S. Environmental Protection Agency showed that compact infill development projects would demand roughly 90 percent less infrastructure costs than comparable greenfield sites. Such development would also generate 48 to 61 percent less traffic and roughly 50 percent fewer nitrogen oxides, volatile organic compounds, and carbon dioxide emissions.

Smarter growth also improves community safety. A 1998 study by the American Farmland Trust found that residents in sprawling developments wait longer for emergency services. For example, police response took on average 25.3 minutes in a new scattered development versus 4.1 minutes in established towns. Regarding emergency medical services, the study showed that all of the scattered sites reviewed exceeded the recommended maximum response time by four to six minutes.

NEW BEGINNINGS: COMMUNITY REINVESTMENT AT WORK Smarter growth is achieving dreams that have gone unfulfilled for decades. Chief among them is the goal of urban reinvestment. Reinvestment comes in many forms: historic preservation, the improvement of community services, the renovation of affordable housing and the resurrection of brownfield sites.

Before and After

Jackson Avenue
South Bronx, New York

The American Can Company,
Baltimore, Maryland

Highlandtown Cooperative
Apartments,
Baltimore, Maryland

In 1997, for example, the State of New Jersey adopted an innovative urban code to encourage the renovation of decaying buildings. Within a year, rehabilitation investment statewide rose by 8 percent. In the cities of Newark, Jersey City and Trenton, spending increased by 60 percent, 83 percent and 40 percent, respectively. Gains in Newark totaled $41 million. The reinvestment boom has been so successful that other states are following suit; Maryland enacted a similar law in April 2000.

For residents, revitalized neighborhoods mean better places to live and more choices about where to live, shop and work. At the federal level, two laws have played a key role in spurring these new opportunities: the Community Reinvestment Act (CRA) and the Home Mortgage Disclosure Act (HMDA). CRA encourages lending institutions to invest in the communities that they serve, ensuring that some savings from the residents of minority and low-income neighborhoods are being reinvested in their own community. Since 1977, CRA has secured roughly a trillion dollars of investment in mortgage lending, affordable housing development, small business lending and other community development projects. HMDA requires financial institutions to tell the public how they are investing their funds, thereby providing communities with a valuable tool for assessing investment under CRA. An array of parties, from developers to non-profit organizations, have been able to use CRA and HMDA to reinvest in neglected communities and bring them back to life. In the photos to the left are a sample of "before and after" pictures of affordable housing and redevelopment projects.

SMART GROWTH DELIVERS VALUE TO HOMEBUYERS More and more, the desire for smarter growth is being reflected in real estate trends, as Americans are rediscovering the appeal of traditional neighborhoods—ones in which you might find a attractive mix of houses, shops, townhomes, parks and civic buildings. These are neighborhoods where people don't have to drive everywhere because destinations are close by and a range of transportation choices—reliable public transit, bicycle lanes, sidewalks—are safe, convenient and plentiful. They are culturally diverse communities with a rich array of amenities.

Sales of new homes that emulate many of these qualities—known as "New Urbanism"—are booming. Today, over 200 New Urbanist developments have been built and occupied all across America. Because of their excellent design, such properties tend to sell out quickly and command a $5,000 to $30,000 price premium above nearby units of comparable size, according to a recent Urban Land Institute study.

Developers who have seized on these new opportunities are gaining handsome profits. The real estate investment trust (REIT) most heavily invested in New Urbanism, Atlanta-based Post Properties, is perhaps the best example. In the *Sacramento Business Journal*, a senior analyst with Goldman Sachs argued that, "Post probably has one of the best balance sheets in the REIT industry, and that's no B.S." The nation's largest homebuilder, Pulte Homes, has reported that more than 65 percent of active home-shoppers in South Florida prefer communities designed around New Urbanist principles rather than conventional sprawl.

As demographics change, this trend will only get stronger. Sprawl development is geared to nuclear families with children. But today, 31 percent of American households are childless single people. The number of empty nesters and older people is rising, and they exhibit the strongest preference for New Urban and established walkable neighborhoods.

Is Sprawl a Good Investment?

Each year two financial research firms, PricewaterhouseCoopers LLP and Lend Lease Real Estate Investments Inc., assess the commercial real estate market. Increasingly, they are warning investors away from suburban office parks and malls, and towards 24-hour districts with a more urban character. Their most recent report, *Emerging Trends in Real Estate 2000*, sends this message in unmistakable language:

"Endless traffic lights, intersections, and turning lanes highlight [suburbanites'] frustration as they battle a legacy of poorly conceived infrastructure, abysmal regional planning, and 'anything goes' development."

"*Emerging Trends* interviewees repeatedly mention infill redevelopment… projects as favored investments. 'We're going back to the future,' said an investment management executive. 'The whole issue of…regenerating the city and the idea of place is finally being accepted by the investor and business community. Today's poorly conceived suburbs will be the ghettos of the future.'"

"You can still wager on suburban 'growth path investing' … but it's a risky play. The boomers' prime child rearing years are over, and Generation X decidedly prefers the more exciting opportunities offered by big cities….The golden era is over. What remains is a pockmarked suburban landscape, with attractive better-planned communities interspersed among areas destined for eventual obsolescence. Many of these places weren't built to last."

"Suburban degeneration is increasing, while 24-hour cities and prime infill locations gain favor.…"